

1968
Annual Report

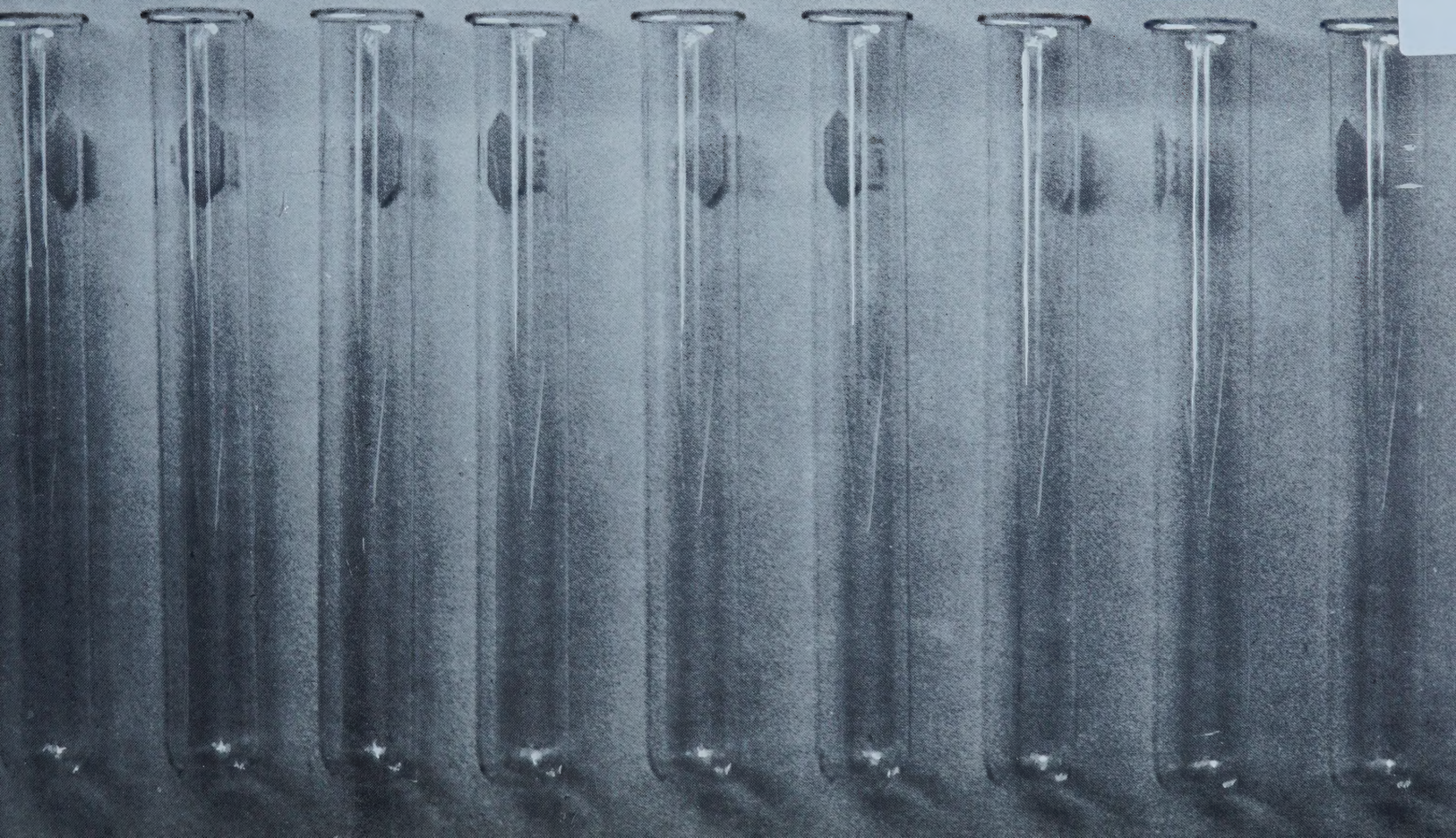
Rapport Annuel
1968



File

Reichhold
Chemicals
• Canada •
Limited

AR44



REICHHOLD

Table of Contents

	Page
To Our Shareholders	2
A Nos Actionnaires	3
An Acquisition	4
Our Year at a Glance	5
Consolidated Statement of Earnings and Retained Earnings	6
10 Years of Sales Growth	7
Auditors' Report to the Shareholders	9
Consolidated Statement of Contributed Surplus	9
Consolidated Balance Sheet (Assets and Liabilities)	10 and 11
Consolidated Statement of Source and Application of Funds	12
Notes to Consolidated Financial Statements	13
1968 Dollar Sales Product Mix	14
10 Year Financial Review	15
Reichhold Products, Applications and Tradenames	19
Reichhold Plants and Sales Offices	20
Reichhold Directors and Officers	20

To Our Shareholders

Sales set new records in 1968 in the Reichhold product lines. Although earnings were excellent in the last 9 months, they were not sufficient to offset the poor first quarter.

One of the highlights of 1968 was the acquisition of The Canada Printing Ink Company Limited in July. Although the ink company had an operating profit during the first half, it was only the last five months that earnings (and sales) were consolidated into Reichhold. During that period, the ink company had a seasonal loss. Furthermore there were substantial revaluations of inventory and accounts receivable and other adjustments to conform to Reichhold's accounting practices. These non-recurring adjustments and the operating loss very substantially affected earnings during the last quarter. The organization of this subsidiary has been strengthened and it should be a substantial contributor to our 1969 earnings.

Some of the things being done are the strengthening of the sales organization, adding new, efficient equipment, providing better back up for sales through technical staff additions and the opening of a new

branch. These moves together with the purchase of exclusive rights to a unique ink color matching system will enable the company to improve its position in the market more rapidly. Plans call for a continuing systematic improvement in manufacturing and distribution. Also we are starting to manufacture early in 1969 our own line of ink color chips to be used in the manufacture of deeptone inks. Formerly the company imported these.

In the area of other new products, Reichhold during 1968 entered the rubber chemicals field. These materials are accelerators and reaction control agents needed by the rubber industry in production of high quality products. Further we also began supplying the base resins used in the new class of permanent press garments so widely sold today. Another example is the production of resins for the newest and most efficient urethane cigarette filter.

Our search for acquisitions is continuing for companies that will allow us to diversify further into related fields. Many firms have to be evaluated carefully in order to find those that meet our criteria for future growth and profitability.

As part of our 'Long Range Plans' we have embarked upon expansion of our North Bay plant to produce

formaldehyde as major raw material. This plant will be on stream in the second quarter of 1969.

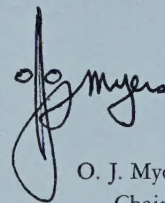
In 1968 we consolidated our principal Research groups in Toronto thus eliminating certain duplication and enabling us to establish an excellent analytical laboratory to support our Research and Development groups. It is expected that this improvement will be of considerable benefit in the coming years.

During the past year Capital Expenditures were kept to a minimum with no major additions being made. However, because of increased sales and opportunity for future growth we anticipate substantial spending on capital goods in 1969 and 1970.

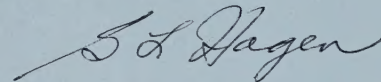
Further progress was made in our computerized program. By mid-year we expect to be able to predict profitability based on future expectations for product and raw material prices in our complex product groups. Data on predicted sales, costs and market trends can be fed into the computer to allow factual decision by management, to replace manual calculations which have now become impractical due to the size and complexity of our business.

Organizational changes were continued to enhance our company's

ability to accept the challenge of many new opportunities available to the company. Developments to strengthen expertise in technology, production and marketing are making possible the assimilation of exciting new areas of company business. We believe we are headed for another period of rapid and profitable expansion.



O. J. Myers,
Chairman
of the Board.



G. L. Hagen,
President.

Nous avons enregistré un nouveau record de vente des produits Reichhold en 1968. Malgré l'excellence des recettes des derniers neuf mois de l'exercice, elles ne furent pas suffisantes pour contrebalancer les pertes du premier trimestre.

L'acquisition de la Canada Printing Ink Company Limited en juillet dernier fut l'événement le plus marquant de 1968. L'exploitation de cette société rapporta un profit au cours du premier semestre mais ses recettes (et ses ventes) ne furent consolidées à celles de Reichhold qu'au cours des cinq derniers mois; malheureusement, durant cette période, cette société essuya une perte saisonnière. De plus, il a fallu réévaluer considérablement son inventaire et ses comptes à recevoir et faire d'autres rectifications pour une meilleure adaptation aux méthodes de comptabilité de Reichhold. Ces rectifications extraordinaires et la perte due à l'exploitation ont exercé une très grande influence sur les recettes du dernier trimestre. Toutefois, l'aménagement de cette filiale en a été raffermie et elle devrait apporter une importante contribution à nos recettes en 1969. Parmi les projets en voie de réalisation, on compte la consolidation de notre organisme de vente, l'addition d'un nouvel outillage efficace, une augmentation du personnel spécialisé de manière à améliorer l'efficacité de notre organisme de vente, et l'inauguration d'une nouvelle succursale. Ces nouvelles mesures ainsi

que l'achat des droits exclusifs à l'utilisation d'un système d'appareillement de couleurs d'encre, seul en son genre, permettront à la société d'améliorer plus rapidement sa position sur le marché. Nous projetons de continuer cette amélioration systématique en matière de fabrication et de distribution. Dès 1969, nous comptons commencer à fabriquer nos propres cristaux d'encre qui seront utilisés dans la fabrication d'encres aux teintes prononcées, encres que la société importait auparavant.

Pour ce qui est d'autres produits nouveaux, Reichhold s'est lancée en 1968 dans le domaine des produits chimiques pour l'industrie du caoutchouc. Ce sont des agents accélérateurs et des agents pour le contrôle de réactions que l'industrie du caoutchouc utilise dans la fabrication de produits de haute qualité. De plus, nous avons commencé à fournir les résines de base utilisées dans la fabrication de ces nouveaux genres de vêtements à la mise au pli permanente qui sont en si grande demande de nos jours. Un autre exemple serait notre production de résines pour les plus récents et très efficaces filtres à cigarettes à base d'uréthane.

Nous continuons à chercher d'autres sociétés qui nous permettront une diversification dans des domaines connexes. Plusieurs sociétés exigent une étude minutieuse avant de découvrir celles qui possèdent les critères

qui permettraient un développement futur et un accroissement de bénéfices éventuel.

Pour faire suite à notre planification à longue portée, nous avons commencé à agrandir notre usine de North Bay pour pouvoir y produire la formaldéhyde en qualité de matière brute de grande importance. Cette usine sera en fonction au cours du second trimestre de 1969.

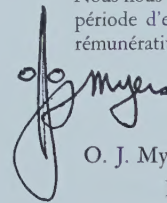
En 1968, nous avons réussi à consolider à Toronto nos principaux groupes pour la recherche de manière à éliminer une certaine duplication de service et à nous permettre d'installer un excellent laboratoire d'analyse pour appuyer nos équipes de la recherche et de la mise en valeur. Nous nous attendons à ce que ces améliorations soient très bénéfiques au cours des prochaines années.

Durant l'année, les dépenses en immobilisations furent très minimes et aucune addition importante fut faite. Cependant, étant donné l'augmentation du volume des ventes et les occasions de développement futur, nous envisageons des dépenses importantes pour l'outillage en 1969 et en 1970.

De nouveaux progrès ont été enregistrés dans notre programmation par ordinateur. Vers le milieu de l'année, nous pensons pouvoir prédire notre pourcentage de profit en nous appuyant sur les recettes prévus

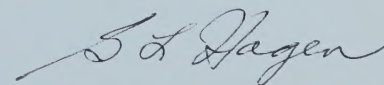
d'après le prix des produits et des matières brutes pour chaque catégorie de nos produits. Les données portant sur le volume des ventes, le coût et l'orientation du marché seront traitées par l'ordinateur afin de permettre à l'administration de prendre des décisions positives, et pour remplacer la méthode de calcul ordinaire qui est maintenant impraticable à cause de l'étendue et de la complexité de nos affaires.

D'autres changements furent faits au sein de l'organisation de manière à permettre à notre société de relever le défi posé par les nouvelles possibilités qui se présentent. Les travaux de développement pour renforcer notre habileté technique, notre production et notre mise en marché nous permettront de nous lancer dans de nouveaux domaines très intéressants. Nous nous croyons en route vers une période d'expansion rapide et rémunérative.



O. J. Myers,

Président du
Conseil.



G. L. Hagen,

Président.

An Acquisition

The Printing Ink Industry in Canada in 1968 is nearing \$30,000,000 in sales. With an average annual growth of more than 5%, we are confident that the addition of the Canada Printing Ink Company Limited to the RCC family will help us to get more firmly established in the specialty field where resin products are used.

By this acquisition by RCC, future plans for the expansion of CPI will include greater penetration in the plastic film packaging field using flexographic inks with a concentrated effort on sales of inks to a rapidly growing carton, bag and packaging trade.

Background on this new acquisition should be interesting to all of our readers.

Although the Company was founded in 1880 by Mr. J. F. Ellis in Toronto, it was not until 1897 that it was incorporated under the Dominion Charter with Mr. Corcoran as the first president. Following Mr. Corcoran, only five presidents succeeded him.

The Company's new Toronto facility was established in 1958. This property contains the executive offices, a printing ink plant and research and development laboratories that support the continuing growth of the Company. In addition to the information from these laboratories, there is a technical interchange agreement with several printing ink manufacturing companies based in the United States.

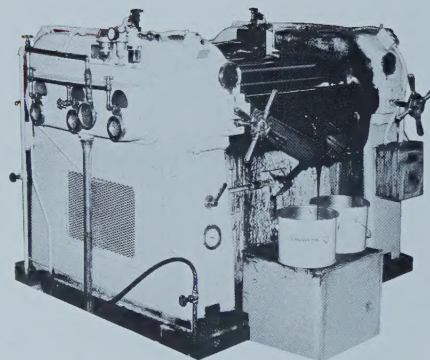
Printing Ink is subjected daily to a variety of conditions such as the weather, intense heat, high shear, abrasion, bending, burning and almost anything else you can imagine. It finds its way into our lives and yet very little thought is given to it.

The person responsible for making ink to meet these severe conditions must have the full support of his raw material suppliers in addition to that of his own technical staff.

Fundamentally, a printing ink contains about 20% of coloured pigment mixed in some form of vehicle. The pigment portion is normally controlled by the manufacturer. The vehicle is extremely complex and is so varied that its selection for a specific ink requires much research.

Now, because of the unique situation existing between Reichhold Chemicals (Canada) Limited and the Canada Printing Ink Company, this gap can be closed, and resins, alkyd varnishes, compounds and such like which make up a printing ink can be designed for specific end uses with the very close cooperation of all the parties involved.

Several million dollars additional sales will be added through the acquisition of this latest subsidiary. The new Canadian Reichhold group will have thirteen separate plants and offices literally from coast to coast, stretching from New Brunswick to British Columbia.



Printing Ink Mill

Our Year at a Glance



	1968	1967
Net Sales	\$16,108,449	\$13,286,401
Net Profit	321,576	450,806
Earnings per common share ⁽¹⁾	65 cents	99 cents
Book value per common share ⁽²⁾	8.85	8.25

(1) After deduction for dividend on preference shares and adjusting for sub-division of common shares on a three for one basis.

(2) After deduction for redemption value of preferred shares and adjusting for sub-division of common shares on a three for one basis.

Consolidated Statement of Earnings and Retained Earnings



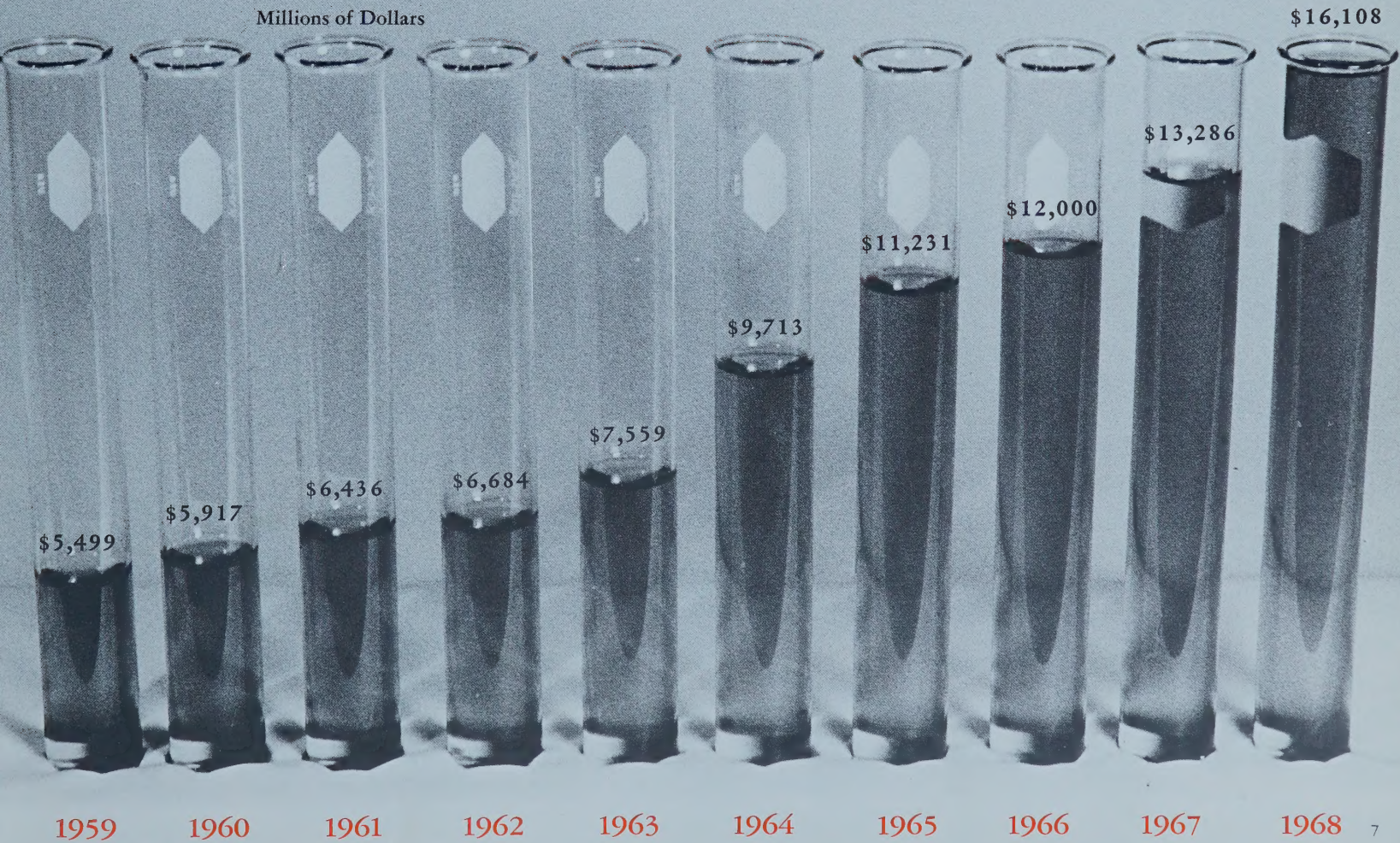
Reichhold Chemicals (Canada) Limited and Subsidiaries

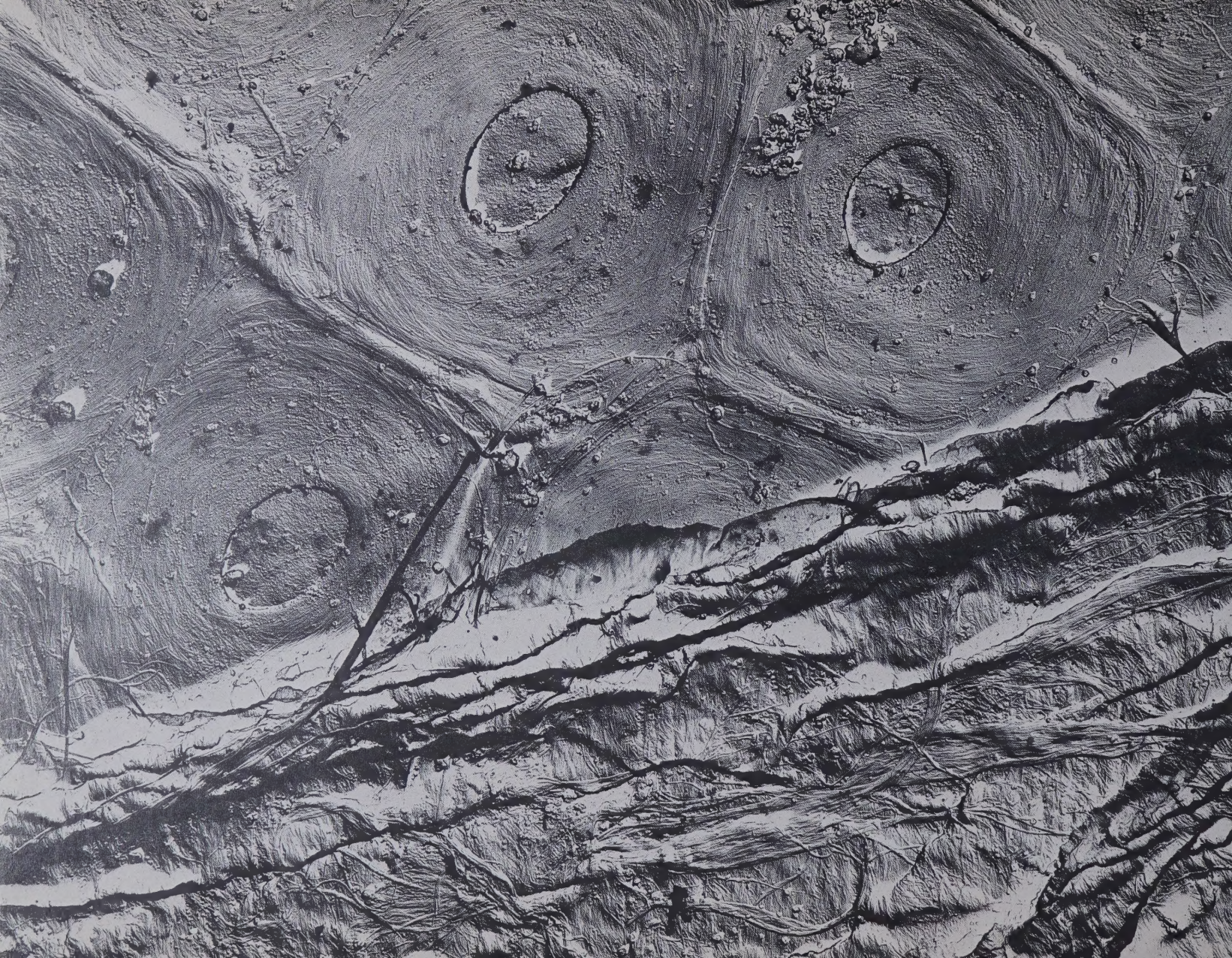
Year ended December 31, 1968 with comparative figures for 1967

	1968	1967
Net sales	\$16,108,449	13,286,401
Cost of sales	12,511,302	10,389,110
Gross profit	3,597,147	2,897,291
Selling, general and administrative expenses	2,866,733	1,991,152
Net operating profit	730,414	906,139
Other expenses (income) :		
Debenture interest (note 3)	35,000	39,375
Other interest	118,666	90,569
Loss on disposal of fixed assets	12,061	4,921
Services rendered to associated company	(17,902)	(104,165)
Sundry — net	(48,425)	(10,614)
	99,400	20,086
Earnings before income taxes	631,014	886,053
Income taxes:		
Current	463,738	373,247
Deferred (note 4)	(154,300)	62,000
	309,438	435,247
Net earnings	321,576	450,806
Retained earnings at beginning of year	2,438,744	2,097,938
	2,760,320	2,548,744
Deduct dividends:		
On preference shares	30,823	23,750
On common shares	98,558	86,250
	129,381	110,000
Retained earnings at end of year	\$ 2,630,939	2,438,744
Included in the above statement are the undernoted expenses:		
Depreciation	\$ 602,651	585,508
Direct remuneration of directors and senior officers	125,700	117,050

See accompanying notes to consolidated financial statements.

10 Years of Sales Growth





Consolidated Statement of Contributed Surplus



Reichhold Chemicals (Canada) Limited and Subsidiaries

Auditors' Report

Year ended December 31, 1968 with comparative figures for 1967

	1968	1967
Contributed surplus at beginning of year	\$ 863,500	863,500
Add premium on issue of common shares	465,434	—
	1,328,934	863,500
Deduct premium on redemption of preference shares	23,750	—
Contributed surplus at end of year	<u>\$1,305,184</u>	<u>863,500</u>
See accompanying notes to consolidated financial statements.		

We have examined the consolidated balance sheet of Reichhold Chemicals (Canada) Limited and subsidiaries as of December 31, 1968 and the consolidated statements of earnings and retained earnings, contributed surplus, and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the companies at December 31, 1968 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

PEAT,
MARWICK,
MITCHELL & CO.,
Chartered Accountants.
Toronto, Ontario,
February 21, 1969.

This Electron Microscope picture, taken by Dr. W. A. Cote Jr. of State College of Forestry, Syracuse, New York, illustrates onion skin paper surface magnified 7,250 times. Jointly with eminent university professors, Reichhold Chemicals (Canada) research personnel use such modern day techniques for the study of Polymer structure and behaviour.

Consolidated Balance Sheet

December 31, 1968 with comparative figures for 1967



Reichhold Chemicals (Canada) Limited and Subsidiaries

Assets

Current assets:

	1968	1967
Cash	\$ 278,221	50,933
Marketable securities, at cost (quoted value \$17,250 — 1967 — \$18,625)	25,000	25,000
Accounts receivable:		
Trade	3,039,869	2,230,913
Other	215,485	48,829
	3,255,354	2,279,742
Less allowance for doubtful accounts	186,733	135,000
Net receivables	3,068,621	2,144,742
Inventories, at the lower of cost or net realizable value	3,121,343	1,848,088
Prepaid expenses	146,345	206,832
Total current assets	6,639,530	4,275,595
Special refundable tax	—	28,752
Fixed assets, at cost less accumulated depreciation:		
Land, buildings and equipment	7,975,782	7,099,587
Less accumulated depreciation	4,151,543	3,190,663
	3,824,239	3,908,924
Goodwill being the excess of cost over recorded equity of subsidiary at the date of acquisition	164,781	—
See accompanying notes to consolidated financial statements.	\$10,628,550	8,213,271

Liabilities

Current liabilities:

	1968	1967
Bank advances, secured (note 2) ..	\$ 1,940,925	1,577,919
Accounts payable and accrued expenses ..	2,488,615	756,139
Due to associated company, Reichhold Chemicals Inc.	215,681	208,812
Income taxes payable	228,527	377,357
Principal amount of unsecured debentures due within a year	205,560	—
Total current liabilities	5,079,308	2,920,227
Unsecured non-interest bearing debentures due 1969 and 1970 (less principal amount due within a year \$205,560)	205,560	—
5¾% secured sinking fund debentures due January 1, 1973 (note 3)	350,000	400,000
Deferred income taxes (note 4)	684,103	828,300
Minority shareholders' interest in subsidiary company	52,640	—

Shareholders' equity:

Capital stock (note 5)		
5% redeemable cumulative preference shares of a par value of \$10 each.		
Authorized and issued nil, (1967 — 47,500)	—	475,000
Common shares without nominal or par value		
Authorized 2,287,500 shares, issued 481,224 shares (1967 — 431,250)	320,816	287,500
	320,816	762,500
Contributed surplus	1,305,184	863,500
Retained earnings (note 3)	2,630,939	2,438,744
Total shareholders' equity	4,256,939	4,064,744
Contingent liabilities and capital commitments (note 8)		
On behalf of the Board: O. J. Myers, Director; D. G. McNabb, Director.	\$10,628,550	8,213,271

Consolidated Statement of Source and Application of Funds



Reichhold Chemicals (Canada) Limited and Subsidiaries

Year ended December 31, 1968 with comparative figures for 1967

Funds provided:

	1968	1967
Net profit	\$ 321,576	450,806
Add charges not requiring cash expenditure:		
Depreciation	602,651	585,508
Loss on disposals of fixed assets	12,061	4,921
Deferred income taxes	(154,300)	62,000
Funds provided from operations	781,988	1,103,235
Special refundable tax	28,752	5,448
Unsecured non-interest bearing debentures due 1970	205,560	—
Common shares issued (note 5)	498,750	—
Total funds provided	1,515,050	1,108,683

As follows:

Additions to plant and equipment (net of proceeds on disposals)	391,629	657,531
Special refundable tax paid	—	3,800
Retirement of long-term debt	50,000	50,000
Redemption of preference shares (note 5)	498,750	—
Dividends on preference and common shares	129,381	110,000
Acquisition of common shares of subsidiary net of working capital at date of acquisition	240,436	—
Total funds used	1,310,196	821,331
Increase in working capital	\$ 204,854	287,352

Working Capital Changes:

Working capital at beginning of year	\$ 1,355,368	1,068,016
Working capital at end of year	1,560,222	1,355,368
Increase in working capital	\$ 204,854	287,352

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

1. Basis of Consolidation

The consolidated financial statements include the accounts of the two subsidiaries, Varcum Chemical Corporation (Canada) Limited and The Canada Printing Ink Company Limited. In the case of the latter, its operations are included in 1968 from the date of acquisition, July 31, 1968. All material inter-company items and transactions have been eliminated.

2. Bank Advances

Bank advances are secured by an assignment of accounts receivable and a pledge of inventories.

3. Secured Debentures

Principal instalments of \$50,000 on the secured sinking fund debentures are payable annually on January 1 each year. The instalment due January 1, 1969 was paid prior to December 31, 1968. Interest in addition to $5\frac{3}{4}\%$ is payable on the secured debentures at the rate of $\frac{1}{4}\%$ of 1% per annum for each \$25,000 by which the net profit of the Company (before charging the additional interest) exceeds \$100,000, to a maximum of 3%. Additional interest has been provided in the accounts with respect to 1968 and 1967. The debentures are secured by a floating charge on all assets of the Company excepting assets to a maximum of \$2,500,000 which may be used as security for current obligations.

The supplemental deed of trust dated July 1, 1968, securing the debentures provides for certain restrictions on the payment of dividends, other than stock dividends, declared subsequent to December 31, 1967. At December 31, 1968 consolidated retained earnings not restricted under the most stringent of these provisions amount to approximately \$335,000.

4. Deferred Income Taxes

Deferred income taxes arise through claiming capital cost allowances in excess of the depreciation charges recorded in the accounts and are reduced by transfers to earnings in periods when capital cost allowances claimed for income tax purposes are less than depreciation recorded.

5. Capital Stock

In 1968 all of the 47,500 authorized and issued 5% redeemable cumulative preference shares of a par value of \$10.00 each were purchased for cancellation at the redemption price of \$10.50 per share, payable by the issue of 16,658 fully paid common shares of the Company of a par value of \$2.00 each, having an aggregate value of \$498,750 based on their then quoted market value. The excess of the value attributed to the common shares over their then par value of \$33,316, an amount of \$465,434 was credited to contributed surplus and the aggregate premium of \$23,750 on re-

demption of the preferred shares was charged to that account.

Subsequent to the redemption of the preference shares described above, supplementary letters patent were issued sub-dividing each of the 762,500 common shares of a par value of \$2.00 each into three shares without par value. The issued common shares at December 31, 1967 have been restated on the basis of the sub-division.

6. Pension Plan

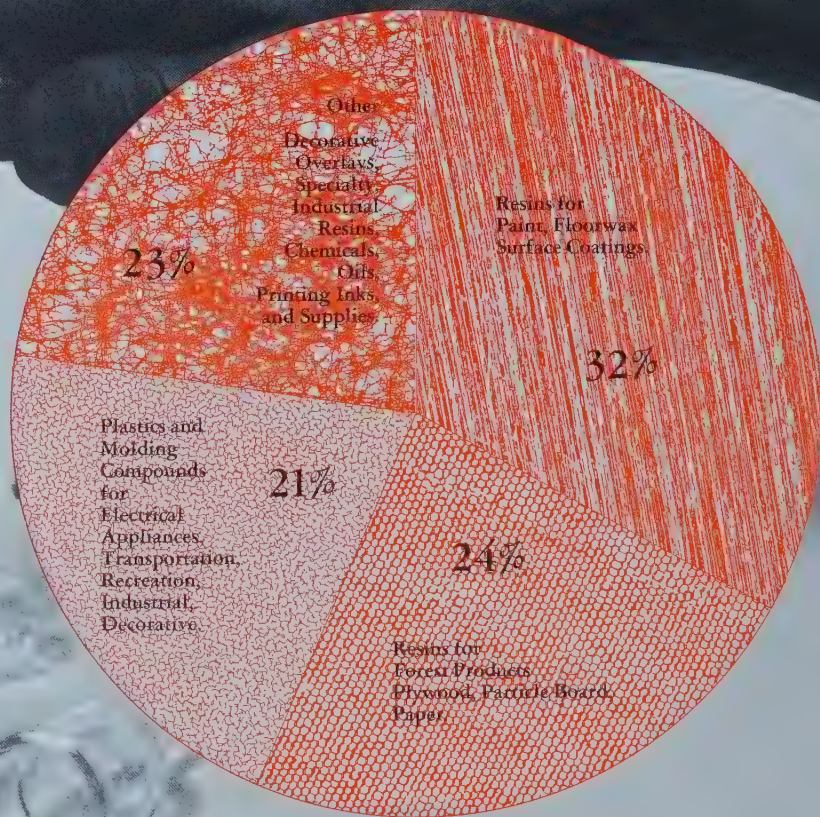
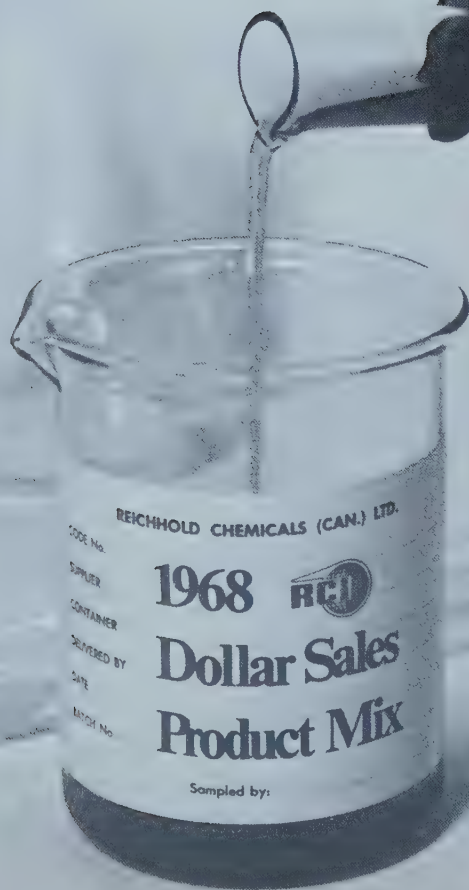
Under the pension plan of a subsidiary company, the unfunded liability for past service benefits was calculated as at July 31, 1966 as \$98,951. This amount is being satisfied by the payment of and charge to the accounts of the subsidiary in the amount of \$6,523 annually.

7. Leases

The companies lease certain properties for annual rentals aggregating \$38,092 under long term leases extending to various dates from 1977 to 1979.

8. Contingent Liabilities and Capital Commitments

The company is contingently liable to the extent of \$60,000 under its guarantee of a bank loan. Commitments in respect of the acquisition of additional fixed assets amount to approximately \$310,000.



10 Year Financial Review

	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959 ^a
Net sales	\$16,108	\$13,286	\$12,000	\$11,231	\$9,713	\$7,559	\$6,684	\$6,436	\$5,917	\$5,499
Profit (loss) before income taxes and special items	631	886	677	908	895	632	355	(120)	78	371
Special profit (loss) items	—	—	—	(25)	—	(65)	110	—	—	—
Net profit (loss) after income taxes	322	451	368	425	444	250	247	(80)	39	188
Expenditures on fixed assets	392	658	1,217	868	675	481	154	188	344	184
Provision for depreciation	603	586	479	418	329	285	231	229	209	185
Fixed assets at net book value	3,824	3,909	3,842	3,114	2,664	2,354	2,257	2,349	2,417	2,066
Earnings per common share —										
Based on shares outstanding at each year end ¹	\$.65	\$.99	\$.80	\$.93	\$.97	\$.52	\$.52	\$ (.21)	\$.00	\$.38
Dividends paid per common share	\$.21	\$.20	\$.192	\$.167	\$.15	\$.10	\$.05	\$.05	\$.10	\$.067
Book value per common share ²	\$ 8.85	\$ 8.25	\$ 7.48	\$ 6.87	\$ 6.18	\$ 5.36	\$ 4.93	\$ 4.46	\$ 4.73	\$ 4.79

¹ After deduction for dividend on preference shares and adjusting for sub-division of common shares on a three for one basis.

² After deduction for redemption value of preference shares and adjusting for sub-division of common shares on a three for one basis.

³ Became Public Company.



RCC produces Polylyte Polyester Resins which were used in the construction of this high speed boat. With the introduction of Snowmobiles and light-weight automobile bodies we expect a greater demand for this exciting product.



An important application of Fiberglass Glazing is this "Swimarium". A rigid aluminum frame enclosure boasts removable, translucent, fiberglass, sidewalls and sliding roof panels which permit privacy and light from the sun.

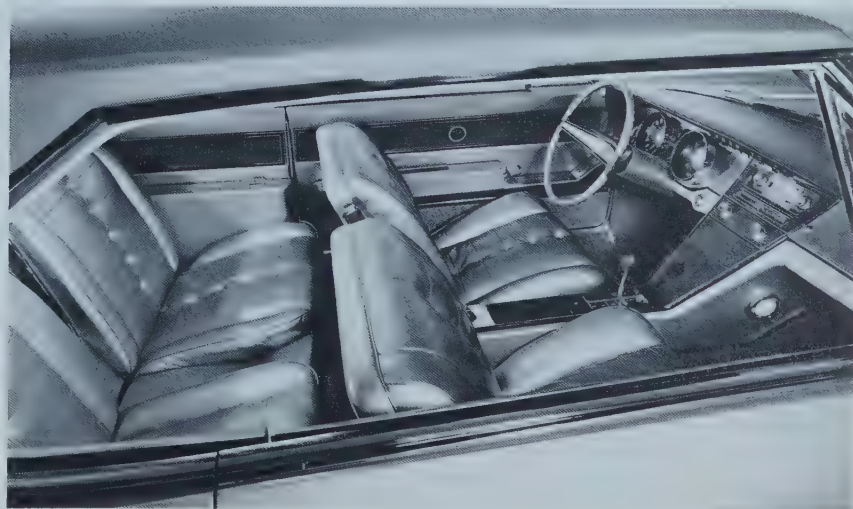
The dramatic sweep of these apartments is highlighted by a natural stone aggregate exterior facing. They are held in place by a Thixtropic Resin-based matrix, another RCC product. The aggregate facings for interiors and exteriors are being accepted by more and more architects due to its natural beauty, easy installation and competitive initial cost.



One only has to look at the young women of today to realize the growing use of leather in fashion design. RCC Synthemul Emulsions make leather more attractive and durable. These carefully finished leather bucket seats are another example of the use of this Reichhold product.



The interior of this truck is coated with RCC white fiberglass-reinforced Polylyte Polyester laminate coated with a white Polylyte polyester gel which makes a moisture proof barrier and gives a gleaming white, hard, glass-smooth surface making an interior finish which is cleaned with ease.





Picture above illustrates simulated Town and Country wood beams. French country furniture is enhanced by these beams made from RCC Polylite (R) polyurethane foam. It looks and feels like wood!

Antique? Not really, but this cultured wood antique clock is produced from RCC Polylite (R) polyurethane, duplicating the original warmth of hand carving. It is lightweight and ideal for hanging.



Products

Applications

Tradenames



With the interior decorators search for elaborate designs a beautiful effect has been created for this vanity top using a specially prepared water-white RCC polyester casting resin.

Acrylic Emulsions
Accelerators
Air Filtration Products
Hard Resins
Alkyd Resins
Alkyd Emulsions
Catalysts
Core Oils
Epoxy Resins and Hardeners
Esters
Formaldehyde
Glass Fiber Reinforcement
Hydrocarbon Resins
Melamine Resins
o-Benzyl-p-Chlorophenol
o-Phenylphenol
Organic Peroxides
Phenolic Resins
Polyester Resins
Plasticizers
Polystyrene Emulsions
Polyterpene Resins
Polyurethane Resins
Polyvinyl Acetate Emulsions
Resorcinol-Formaldehyde Resins
Thermosetting Molding Compounds
Urea Resins
Urea-Formaldehyde Adhesives
Urethane Foam Resins
Vinyl Stabilizers

Abrasives
Adhesives
Agricultural Products
Appliances
Automotive
Boats
Building Panels
Chewing Gum
Closures
Electrical Devices
Fiberglass Molding
Filament Winding
Floor Polishes
Floor Tiles
Floor Waxes
Flotation
Foundries
Furniture
Highway Maintenance
Home Construction
Industrial Construction
Insulation
Leather
Packaging
Paint
Particle Board
Paper Manufacture
Plastic Moldings
Plywood
Polymer Production
Potting Compounds
Protective Coatings
Printing
Refrigeration
Rubber Products
Textiles
Utensils
Varnishes
Vinyl Products

ALPHAPRENE
ALSYNITE
BECKACITE
BECKAMINE
BECKOLIN
BECKOPOL
BECKOSOL
BETAPRENE
CO-POL
coRCIment
CO-RELEES
DEECY
DELTAPRENE
DIARON
EPOTUF
FORAMINE
FORASITE
FORMOX
FOUNDREZ
GAMMAPRENE
HYDROGUM
JEL-O-MER
LUSTRASOL
MODIGLASS
PENTACITE
PEROXIDOL
PLYAMINE
PLYAMUL
PLYOCITE
PLYOPHEN
POLYLITE
POLY-AUTOPLATE
STAFLEX
STYRESOL
SUPER-BECKACITE
SUPER-BECKAMINE
SUPER-BECKOSOL
SYNTHE-COPAL
SYNTHEMUL
VARCUM
WALLKYD
WALLPOL
WATEREZ
WETstrez

PLANTS AND SALES OFFICES

Weston, Ontario (Head Office)
Ste. Therese de Blainville, Quebec
Lindsay, Ontario
North Bay, Ontario
Kamloops, British Columbia
Port Moody, British Columbia

DIRECTORS

Robert J. Adams
Treasurer and Vice-President, Eastern
Division, Reichhold Chemicals (Canada)
Limited
Stefan H. Baum
President, Reichhold Chemicals
Incorporated
George L. Hagen
President, Reichhold Chemicals
(Canada) Limited
Donald G. McNabb
Executive Vice-President, Reichhold
Chemicals (Canada) Limited
O. Jay Myers
Chairman of the Board and
Chief Executive Officer, Reichhold
Chemicals (Canada) Limited;
Vice-President, Reichhold Chemicals
Incorporated
Henry H. Reichhold
Chairman of the Board and
Chief Executive Officer, Reichhold
Chemicals Incorporated
Brian W. Shields
Member, Law Firm of Tory, Tory,
Deslauriers & Binnington
Ralph T. Urich
Vice-President, Sales, Reichhold
Chemicals Incorporated
W. Arthur Weismann
Vice-President, Sales, National Accounts,
Reichhold Chemicals Incorporated;
Vice-President, Sales Promotion,
Reichhold Chemicals (Canada) Limited

OFFICERS

O. J. Myers
Chairman of the Board and
Chief Executive Officer
G. L. Hagen
President
D. G. McNabb
Executive Vice-President
W. A. Weismann
Vice-President, Sales Promotion
L. Roy
Vice-President, Sales Eastern Division
B. W. Shields
Secretary
R. J. Adams
Treasurer and Vice-President,
Eastern Division

SUBSIDIARY

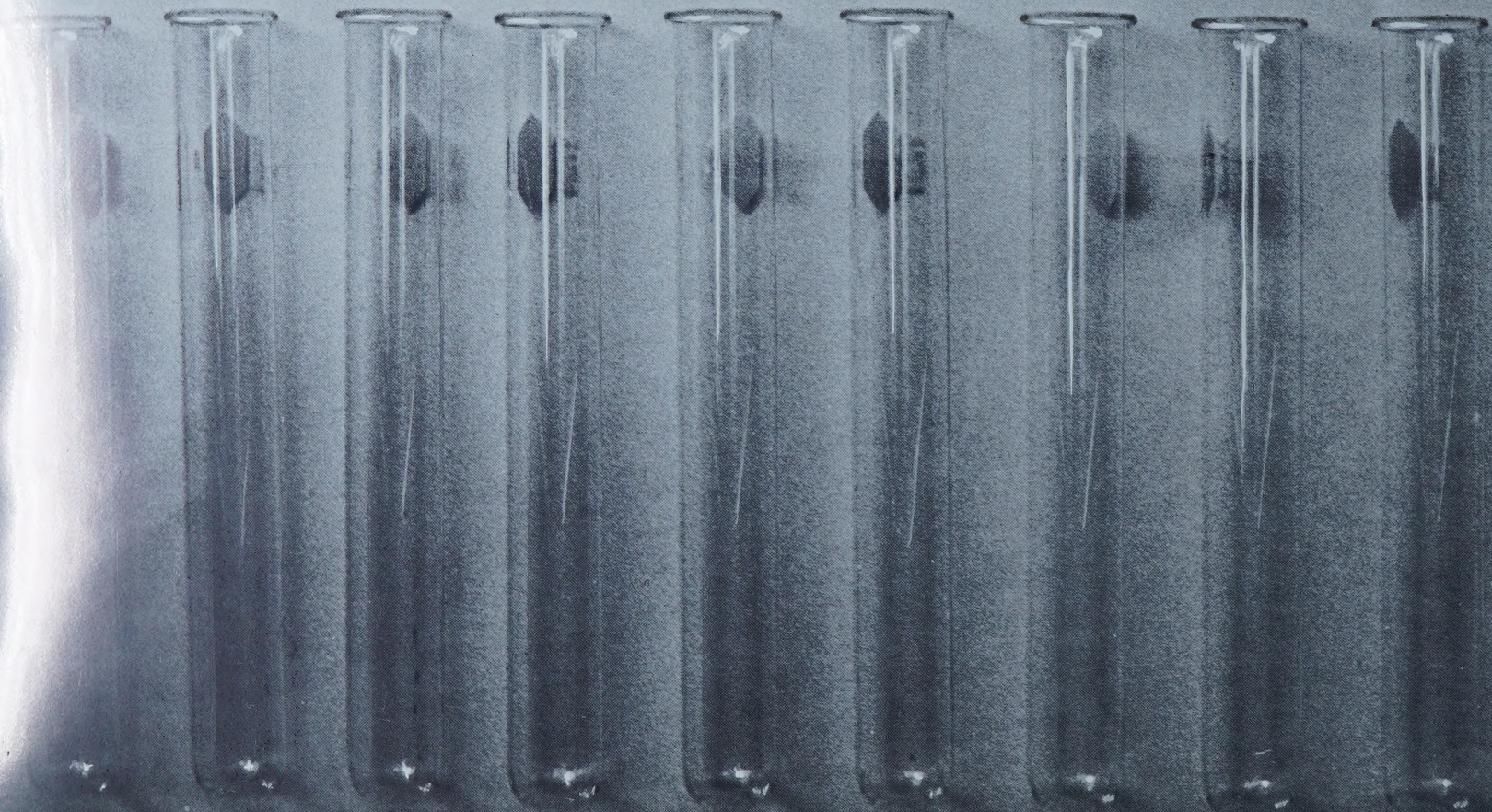
The Canada Printing Ink Company
Limited
Etobicoke, Ontario
Montreal, Quebec
Edmonton, Alberta
Moncton, New Brunswick
Ottawa, Ontario
Vancouver, British Columbia
Winnipeg, Manitoba

Registrar and Transfer Agent,
Common Stock:
National Trust Co. Ltd., Toronto,
Montreal, Vancouver
Auditors:
Peat, Marwick, Mitchell & Co.,
4 King St. W., Toronto

REICHHOLD



Rohm and Haas Chemicals (Canada) Limited and Subsidiaries





AR44

NEWS ABOUT
REICHOLD*Handwritten signature/initials inside a circle.**file***COMPARATIVE SALES
AND INCOME REPORT**FOR THE SIX MONTHS ENDED
JUNE 30, 1968 & 1967
(subject to year-end audit and adjustment)

	<u>SECOND QTR.</u>	<u>FIRST HALF</u>	
	<u>1968</u>	<u>1968</u>	<u>1967</u>
	(THOUSANDS OF DOLLARS)		
Sales.	\$4,014	\$7,483	\$6,792
Net profit before income taxes	283	357	513
Estimated income taxes.	<u>141</u>	<u>171</u>	<u>261</u>
Net profit after income taxes	<u>\$ 142</u>	<u>\$ 186</u>	<u>\$ 252</u>
Earnings per Common Share	\$ 0.90*	\$ 1.16*	\$ 1.67**

* Based on 160,408 shares outstanding subsequent to redemption of preferred stock.

** Based on 143,750 shares outstanding and after dividend requirements of preferred stock redeemed in April 1968.

Toronto sales and
administration offices of
our newly acquired subsidiary**SHAREHOLDERS REPORT**

For Six Months Ended June 30, 1968

REICHOLD CHEMICALS (CANADA) LIMITED

TO OUR SHAREHOLDERS:

August 7, 1968

In the second quarter of 1968 your company's profits were the highest for any quarter on record. The improvement in profits tended to greatly narrow the gap between 1967 and 1968 first half results. The gain was largely due to an improved margin between raw material and finished product prices. This is expected to carry into the 3rd quarter and beyond. Sales of \$7,483,030 for the first half were also a new record.

Finalization of the acquisition of Canada Printing Ink Co. Ltd. was held on July 23. This company is now a wholly owned subsidiary of

Reichhold Canada. Sales and profits will be consolidated in the next quarterly report, for the first time. Canada Printing Ink's profits and sales were on target and substantially as budgeted for the first half of 1968.

The long strike in the plywood industry in the interior of British Columbia was settled in the 2nd quarter, and the threatened B.C. coastal plywood industry strike was averted. Both developments, of course, are helpful to your company. All of our plants are operating at forecast, or higher rates of production.

G. L. Hagen
President

O. J. Myers
Chairman

A NOS ACTIONNAIRES:

Le 7 août 1968

Pendant le deuxième trimestre de 1968, votre compagnie a réalisé des profits plus élevés qu'au cours de n'importe quel autre trimestre de son histoire. L'amélioration des profits tend à réduire considérablement la différence entre les premiers trimestres de 1967 et 1968. Ce gain a été dû, en grande partie, à une plus grande différence de prix entre la matière première et le produit fini. On s'attend à ce que cet état de choses continue pendant le 3e trimestre et au-delà. Les ventes pour le premier semestre se sont montées à \$7,483,030, ce qui est aussi un nouveau record.

Le 23 juillet, nous avons signé les derniers papiers pour l'acquisition de la Canada Printing Ink Co. Ltd. Cette firme est maintenant une filiale

de Reichhold Canada, qui en a la pleine propriété. Leurs ventes et leurs profits figureront, pour la première fois, dans le prochain rapport trimestriel. Les profits et les ventes de Canada Printing Ink ont, dans une large mesure, atteint les objectifs fixés, conformément au budget établi pour le premier semestre de 1968.

La longue grève de l'industrie du contre-plaqué, à l'intérieur de la Colombie britannique, a été réglée au cours du deuxième trimestre et une grève de l'industrie du contre-plaqué sur la côte de la Colombie britannique a été évitée. Ce sont là deux événements favorables pour notre compagnie. Toutes nos usines opèrent conformément aux estimations ou à des taux de production plus élevés.

G. L. Hagen
Président

O. J. Myers
Président du Conseil

INTERIM STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE SIX MONTHS ENDED
JUNE 30, 1968 & 1967

(subject to year-end audit and adjustment)

	SECOND QTR. FIRST HALF		
	1968	1968	1967
	(THOUSANDS OF DOLLARS)		
Source of Funds:			
Net Profit.	\$143	\$187	\$252
Depreciation . . .	143	291	261
Deferred income taxes			17
Sale of common stock	499	499	
	<u>\$785</u>	<u>\$977</u>	<u>\$530</u>
Application of Funds:			
Dividend on preferred and common stock	\$ 54	\$ 76	\$ 67
Redemption of preferred stock	499	499	
Addition to plant and equipment	68	137	406
Long term debt payable in current year		50	50
Deferred income taxes	47	92	
	<u>\$668</u>	<u>\$854</u>	<u>\$523</u>
Increase in Working Capital	\$117	\$123	\$ 7